

# EMERGENCY RECONSTRUCTION FACILITY FOLLOWING HURRICANE KEITH IN BELIZE

**(BL-0018)**

## EXECUTIVE SUMMARY

<b>Borrower and Guarantor:</b>	Government of Belize (GOB)		
<b>Executing agency:</b>	Ministry of Works and Transport (MOWT)		
<b>Amount and source:</b>	IDB: (OC)	US\$	20,000,000
	Local:	US\$	5,000,000
	Total:	US\$	25,000,000
<b>Financial terms and conditions:</b>	Amortization Period:	25	Years
	Grace Period:	5	Years
	Disbursement Period:	12	Months
	Commitment period:	9	Months
	Interest Rate:	variable	
	Supervision and Inspection:	1	%
	Credit Fee:	0.75	%
	Currency:	U.S. Dollars from the Single Currency Facility	
<b>Objectives:</b>	The objective of the project is to restore basic services to the population affected by Hurricane Keith.		
<b>Description:</b>	The project will provide resources for urgent activities needed to restore services to the affected population, including: the removal of debris; repair and stabilization of damaged roads, bridges, drainage structures and city streets; environmental restoration; repairs to water supply and sanitation systems; repair and restoration of schools and health facilities; stabilization of damaged residences and temporary housing; project management services and works supervision; and studies needed to guide the physical and economic recovery. It will also support the Project Execution Unit to carry out this operation.		
<b>Bank's country and sector strategy:</b>	For natural disasters of major consequence, the Bank supports member countries in their response to the unforeseen effects and their socioeconomic and environmental impacts. The project is consistent with the Bank policy on emergencies created by natural disasters (GP-92-13) and the Emergency Reconstruction Facility, which provides rapid support after a disaster (GN-2038-2). The project is also consistent with the approved Country Paper, which prioritizes: i) building the country's technical and operational capacity to prepare, respond, and recover from natural disasters; ii) developing agriculture and agribusiness through private sector led export diversification, improved productivity and proving policy support on trade matters; and iii) stimulating tourism through improved quality of services and access to tourist sites. The disaster struck the tourism and agriculture sectors particularly hard, setting back Belize's efforts to promote these industries.		
<b>Environmental</b>	The activities of the present operation will comply with the Borrower's		

<b>Considerations:</b>	environmental regulations and specifications for mitigating environmental impacts of works and services. Given the nature of the activities financed under the present operation, no environmental impact assessments will be conducted (Para. 4.9-4.10).
<b>Benefits:</b>	Rapid restoration of the living conditions of the estimated 190,000 Belizeans affected by Hurricane Keith and help the country to resume its socio-economic development.
<b>Risks:</b>	The risks to the timely and effective execution of the operation are two-fold. First, the urgent nature of the operation, especially in the first month after the disaster, may lead to shortcomings in the accounting and reporting of eligible expenditures, which are necessary to justify their reimbursement under the operation. Incorporating early an experienced financial officer within the project execution unit and the independent firm to provide concurrent audit services will mitigate this risk. Second, the program will proceed simultaneously in multiple sectors, which may stress the GOB's capacity to contract rapidly and to effectively supervise execution in all areas. To reduce this risk, a private firm specializing in project management will support the project execution unit, providing broad technical support in the design, as well as contracting and supervision of eligible works and other services.
<b>Special contractual clauses:</b>	<p><u>Contractual condition for first disbursement:</u> The GOB will appoint the Project Manager and a financial specialist for the operation and will establish the Project Execution Unit (see para. 4.5).</p> <p><u>Contractual conditions for execution:</u> (a) The executing Agency's initiation of concurrent procurement and disbursement audits by a firm of international auditors acceptable to the Bank (see para. 5.10-5.13); (b) the Executing Agency's contracting of the private firm which will provide project management support to the Project Execution Unit (see para. 4.6-4.7); (c) the Executing Agency's submission of the model memorandum of understanding to be signed with the different public agencies involved in the execution of the Project previously agreed with the Bank; (d) the Executing Agency's submission of the memorandum of understanding with the Ministry of Natural Resources and Environment for the provision of an environmental specialist to supervise the compliance with the environmental technical specifications in the contracting and execution of the works (para. 4.5); (d) the Executing Agency's submission of the model contract acceptable to the Bank to be used for direct contracting.</p>
<b>Poverty-targeting and social sector classification:</b>	The geographical areas hardest hit by Hurricane Keith will be targeted for project benefits. Although the eligible activities are not designed to lower poverty levels <i>per se</i> , the restoration of basic services is likely to be most critical for safeguarding the living conditions of the poor. As an Emergency Reconstruction Facility (ERF), the proposed operation does not meet the Bank's criteria for operations to reduce poverty.
<b>Exceptions to Bank policy:</b>	The Project Team requests two procurement waivers. The <u>first</u> will permit the direct contracting (without competitive bidding) of up to US\$500,000 for the British firm of WSP International to assist the Project Execution Unit manage the project, particularly the identification of priority works, engineering and technical design for contracting and project supervision (para. 4.6-4.7). The <u>second</u> will permit the direct contracting of up to US\$240,000 for KPMG, an international accounting firm with offices in Belize, to provide the concurrent and regular audit services for the Project (para. 5.13). Both firms are acceptable to the Bank.
<b>Procurement:</b>	Using the Procurement Procedures for Projects in Emergency Situations (GS-601).

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International public bidding procedures will be required for procurements of consultant services in amounts equal to or above US\$200,000; for works contracts equal to or above US\$1.5 million; and for goods and related services in amounts equal to or above US\$250,000.

The direct contracting modality of procurement may be applied up to US\$10 million of the project cost. Such contracting will be subject to the following conditions:

- a) Procurements reimbursed under retroactive financing included in the US\$10 million limitation on direct contracts;
- b) The maximum cumulative amount of direct contracting per single firm will be US\$600,000;
- c) For works: no single contract may exceed US\$300,000;
- d) For goods and services: no single contract may exceed US\$2,500; this restriction does not apply to those procurements reimbursed under retroactive financing;
- e) For consulting services: no direct contracting is permitted except for those procurements reimbursed under retroactive financing;
- f) A list of direct contracts awarded, and the cumulative total value of such contracts awarded to the same contractor, will be published in the local press on a monthly basis.

Procurement waivers are sought for the selection of two consulting firms: The first waiver is for the selection of the consulting firm to provide project management services to the PEU, where it is recommended that the British consulting firm, WSP, be contracted directly (see para. 4.7). The second waiver is for the selection of the independent auditing firm to provide the concurrent and financial audit services for the project, where it is recommended that KPMG be contracted directly (see para. 5.13).